

**REPORT OF THE AUDIT OF THE
BULLITT COUNTY
SHERIFF'S SETTLEMENT - 2008 TAXES**

**For The Period
May 1, 2008 Through April 15, 2009**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
BULLITT COUNTY
SHERIFF'S SETTLEMENT - 2008 TAXES

For The Period
May 1, 2008 Through April 15, 2009

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2008 Taxes for the Bullitt County Sheriff for the period May 1, 2008 through April 15, 2009. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$44,163,524 for the districts for 2008 taxes, retaining commissions of \$1,242,366 to operate the Sheriff's office. The Sheriff distributed taxes of \$42,497,597 to the districts for 2008 taxes. Refunds of \$570 are due to the Sheriff from the taxing districts.

Deposits:

The Sheriff's deposits as of October 31, 2008 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$4,380,878

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 2008 TAXES.....	3
NOTES TO FINANCIAL STATEMENT	5
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Melanie Roberts, Bullitt County Judge/Executive

Honorable Donnie Tinnell, Bullitt County Sheriff

Members of the Bullitt County Fiscal Court

Independent Auditor's Report

We have audited the Bullitt County Sheriff's Settlement - 2008 Taxes for the period May 1, 2008 through April 15, 2009. This tax settlement is the responsibility of the Bullitt County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Bullitt County Sheriff's taxes charged, credited, and paid for the period May 1, 2008 through April 15, 2009, in conformity with the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2009 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to



To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Melanie Roberts, Bullitt County Judge/Executive

Honorable Donnie Tinnell, Bullitt County Sheriff

Members of the Bullitt County Fiscal Court

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long, sweeping horizontal stroke at the end.

Crit Luallen

Auditor of Public Accounts

September 2, 2009

BULLITT COUNTY
DONNIE TINNELL, SHERIFF
SHERIFF'S SETTLEMENT - 2008 TAXES

For The Period May 1, 2008 Through April 15, 2009

<u>Charges</u>	Special			
	<u>County Taxes</u>	<u>Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 3,919,695	\$ 7,283,728	\$ 22,043,017	\$ 5,145,542
Tangible Personal Property	280,903	1,128,936	984,044	644,603
Fire Protection	523			
Increases Through Exonerations	1,646	3,100	8,690	1,975
Omitted Taxes	111	221	627	146
Franchise Taxes	266,087	447,122	987,330	
Distilled Spirits Taxes	300,161	628,794	1,114,596	
Additional Billings	3,458	6,149	19,312	4,597
In Lieu of Taxes	16,105	31,709	272,689	
Limestone, Sand and Mineral Reserves	1,143	2,265	6,427	1,499
Bank Franchises	133,604			
Penalties	18,330	34,375	100,440	23,477
Adjusted to Sheriff's Receipt	(221)	841	(946)	(189)
Gross Chargeable to Sheriff	4,941,545	9,567,240	25,536,226	5,821,650
<u>Credits</u>				
Exonerations	11,153	24,281	58,656	17,155
Discounts	80,982	149,816	413,951	95,628
Delinquents:				
Real Estate	84,406	147,823	474,587	110,719
Tangible Personal Property	2,748	4,808	9,625	10,891
Uncollected 08 Taxes	496	870	2,790	651
Franchise Taxes	144	273	684	
Total Credits	179,929	327,871	960,293	235,044

* And ** - See Next Page

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
 DONNIE TINNELL, SHERIFF
 SHERIFF'S SETTLEMENT - 2008 TAXES
 For The Period May 1, 2008 Through April 15, 2009
 (Continued)

	County Taxes	Special Taxing Districts	School Taxes	State Taxes
Taxes Collected	\$ 4,761,616	\$ 9,239,369	\$ 24,575,933	\$ 5,586,606
Less: Commissions *	202,656	261,321	540,671	237,718
Taxes Due	4,558,960	8,978,048	24,035,262	5,348,888
Taxes Paid	4,512,381	8,965,843	23,691,322	5,328,051
Refunds (Current and Prior Year)	46,634	12,403	344,244	20,850
Refunds Due Sheriff as of Completion of Audit	\$ (55)	\$ (198)	\$ (304)	\$ (13)

* Commissions:

10% on	\$	10,000
4.25% on	\$	15,535,991
2.2% on	\$	24,575,933
1% on	\$	4,041,600

** Special Taxing Districts:

Library District	\$ (28)
Health District	(14)
Extension District	(5)
Zoneton Fire District	(151)
Refunds Due Sheriff	(198)

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT

April 15, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Bullitt County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
APRIL 15, 2009
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of April 15, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of October 31, 2008, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$4,380,878

Note 3. Tax Collection Period

The real and personal property tax assessments were levied as of January 1, 2008. Property taxes were billed to finance governmental services for the year ended June 30, 2009. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 17, 2008 through April 15, 2009.

Note 4. Interest Income

The Bullitt County Sheriff earned \$108,424 as interest income on 2008 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office. As of September 2, 2009, the Sheriff owed \$3,310 in interest to the school district.

Note 5. Sheriff's 10% Add-On Fee

The Bullitt County Sheriff collected \$151,460 of 10% add-on fees allowed by KRS 134.430(3). This amount was used to operate the Sheriff's office. As of September 2, 2009, the Sheriff owed \$38,489 in 10% add-on fees to his fee account.

Note 6. Advertising Costs And Fees

The Bullitt County Sheriff collected \$7,655 of advertising costs and fees allowed by KRS 424.330(1) and KRS 134.440(2). The advertising fees were used to operate the Sheriff's office.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
APRIL 15, 2009
(Continued)

Note 7. Unrefundable Duplicate Payments And Unexplained Receipts

The Sheriff deposited unrefundable duplicate payments and unexplained receipts in interest-bearing accounts. The Sheriff's escrowed amounts were as follows:

2005	\$3,587
2006	\$1,769
2007	\$9,659

KRS 393.090 states that after three years, if the funds have not been claimed, they are presumed abandoned and abandoned funds are required to be sent to the Kentucky State Treasurer by KRS 393.110.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Melanie Roberts, Bullitt County Judge/Executive
Honorable Donnie Tinnell, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

**Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Bullitt County Sheriff's Settlement - 2008 Taxes for the period May 1, 2008 through April 15, 2009, and have issued our report thereon dated September 2, 2009. The Sheriff prepares his financial statement in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bullitt County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Bullitt County Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Bullitt County Sheriff's Settlement - 2008 Taxes for the period May 1, 2008 through April 15, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Bullitt County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

September 2, 2009

